



FILED
12/27/19
09:40 AM

VUK/nd3 12/27/2019

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a
Successor to Existing Net Energy Metering
Tariffs Pursuant to Public Utilities Code
Section 2827.1, and to Address Other Issues
Related to Net Energy Metering.

Rulemaking 14-07-002

And Related Matter.

Application 16-07-015

**ADMINISTRATIVE LAW JUDGE'S RULING PROVIDING NOTICE AND
OPPORTUNITY REGARDING CONTINUED FUNDING OF THE SOLAR ON
MULTIFAMILY AFFORDABLE HOUSING PROGRAM**

This ruling provides notice and opportunity to be heard regarding how the Commission will determine whether revenues are available and whether interest and participation are adequate to authorize continued allocation of funds through June 30, 2026, for the Solar on Multifamily Affordable Housing (SOMAH) program.

Background

Pursuant to Assembly Bill (AB) 693 (Stats. 2015, Ch. 582), Decision (D.) 17-12-022 established the Solar on Multifamily Affordable Housing program to provide financial incentives for installation of solar energy systems on multifamily affordable housing properties, as specified in the statute.¹

¹ The legislation amends Public Utilities Code (Pub. Util.) Code § 748.5 and adds new Pub. Util. Code § 2870. All further references to sections are to the Public Utilities Code unless otherwise indicated.

Additionally, both AB 693 and subsequently the Commission specified the program's funding source. Pub. Util. Code Section 2870(c) provides that:

The Commission shall annually authorize the allocation of one hundred million dollars (\$100,000,000) or ten percent of available funds, whichever is less, from the revenues described in subdivision (c) of Section 748.5² for the Multifamily Affordable Housing Solar Roofs Program, beginning with the fiscal year commencing July 1, 2016, and ending with the fiscal year ending June 30, 2020. The commission shall continue authorizing the allocation of these funds through June 30, 2026, if the commission determines that revenues are available after 2020 and that there is adequate interest and participation in the program.

The authorization of allocated funds for the SOMAH program generally occurs annually in each electric utility's energy resource recovery account (ERRA) forecast or energy cost adjustment clause (ECAC) application.³ Given that Commission oversight of the SOMAH program is within scope of this proceeding, we intend to determine whether revenues are/will be available after 2020 and whether there is adequate interest and participation in the program, in

² Section 748.5, as amended by AB 693, provides:

The commission may allocate up to 15 percent of the revenues, including any accrued interest, received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to electrical distribution utilities pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations, for clean energy and energy efficiency projects established pursuant to statute that are administered by the electrical corporation, or a qualified third-party administrator as approved by the commission, and that are not otherwise funded by another funding source.

³ Generally, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) file ERRA forecast applications and Liberty Utilities (CalPeco Electric) LLC (Liberty) and PacifiCorp file ECAC forecast applications each year. As part of their ERRA or ECAC forecast applications, the electric utilities include their forecasts of greenhouse gas allowance proceeds for the upcoming year and show how these proceeds will be allocated to clean energy or energy efficiency programs (such as the SOMAH program) and to eligible customers based on methodologies the Commission has approved. (See D.14-10-033, as corrected by D.14-10-055 and D.15-01-024.)

accordance with Pub. Util. Code Section 2870(c), in this proceeding. This ruling provides notice and opportunity for parties to be heard on how the Commission will determine whether revenues are available and whether there is adequate interest and participation in the SOMAH program for the purpose of authorizing the allocation of funds to the program through June 30, 2026.

1. Determination of Available Revenues, Adequate Participation and Interest

As of the general timeframe of this ruling, the following publicly available information provides indication of available revenues and the level of interest and participation in the SOMAH program:

1. Availability of Revenues: The source of available funds for the SOMAH program is each utility's revenues from the sale of greenhouse gas allowances, commonly referred to as greenhouse gas (GHG) revenues. The electric utilities' current ERRA and ECAC applications show their respective recorded GHG revenues since 2016, and their forecasted amount for 2019.

Table 1: Recorded and Forecast GHG Revenues (Thousands)

	2016	2017	2018	2019
PG&E	\$301,670	\$346,060	\$348,099	\$389,965
SDG&E	\$81,559	\$92,540	\$94,231	\$101,156*
SCE	\$376,175	\$384,894	\$389,316	\$424,297*
PacifiCorp	\$9,388	\$10,681	\$11,217	\$12,677*
Liberty	\$2,871	\$3,080	\$3,329	\$3,532

*Figure represents a combination of recorded and forecast revenues.

The above data demonstrates an upward (rather than downward) trend in GHG revenues, which provides reasonable indication that revenues will be available to continue funding the SOMAH program through June 30, 2026.

2. Adequacy of Participation and Interest: The SOMAH Working Data Set shows the most up-to-date figures on the number of project applications and their current application status.⁴ As of the general timeframe of this ruling, nearly all applications were submitted on the first day that the program was opened to applications (July 1, 2019). In total, there are 254 projects engaged with the program; 138 of these are on the program waitlist.

Earlier in this proceeding, data provided by a party comprised of several non-profit stakeholders identified several thousand distinct properties that are likely eligible for the SOMAH Program.⁵ On July 8, 2019, the United States Department of Housing and Urban Development (HUD) issued a memo that rendered the majority of HUD properties eligible for the SOMAH program.⁶ This federal determination further expands the SOMAH program to a much larger number of potentially eligible properties that have historically been unable to access utility distributed generation programs. The above-referenced information indicates there will be adequate participation and interest in the SOMAH program through June 30, 2026.

As a matter of relevancy to the level of interest, adequacy of participation, and impact of the SOMAH program, we also seek information and

⁴ Accessible via the California Distributed Generation Statistics website, url: <https://www.californiadgstats.ca.gov/downloads/>.

⁵ *Joint Proposal by the California Housing Partnership, California Environmental Justice Alliance, Brightline Defense Project, Natural Resources Defense Council, and National Housing Law Project (Nonprofit Solar Stakeholders Coalition) on Implementation of Assembly Bill 693*, filed August 3, 2016, Appendices B and C.

⁶ A copy of the memo is accessible via the SOMAH Program website, url: https://www.calsomah.org/sites/default/files/docs/SOMAH_HUD_Solar_VNEM_Credits_memo_2019-07-08.pdf.

recommendations from parties as to how to better ensure the equitable distribution of SOMAH funds in disadvantaged communities.

2. Accounting for SOMAH Program Funds and Expenses

To provide transparency in the accounting of allocated funds and expenses for the SOMAH program, we direct each electric utility to provide the following information. All dollar amounts shall be specified to the nearest cent (*e.g.*, \$100,000,000.00):

1. For each utility's respective balancing account for recording GHG revenues (Greenhouse Gas Revenue Balancing Account or Greenhouse Gas Allowance Revenue Balancing Account), provide the following information/data, showing activity carried forward for each month from January 2014 through December 2019:

- a. Beginning Balance;
- b. Revenue;
- c. Amortization;
- d. Expenses;
- e. Interest (indicate interest rate and to which amount the interest rate is applied each month);
- f. Any transfers and or adjustments; and
- g. Ending Balance.

2. Each electric utility shall provide complete accounting for all monies set aside for the SOMAH program beginning, at the latest, March 18, 2016, through the effective start date of its balancing account for recording SOMAH program funds and costs. Information responsive to this directive shall specifically identify (if applicable) any amounts transferred, the name of any balancing account(s) to which such amounts were transferred, and any amounts remitted to ratepayers or other interested persons.

3. For each utility's respective balancing account for recording SOMAH program funds and costs (Liberty, PG&E, SDG&E, and SCE: Solar on Multifamily Affordable Housing Balancing Account (SOMAHBA); PacifiCorp: AB 693 Balancing Account), provide the following information/ data, showing activity carried forward for each month from the first month of the balancing account through December 2019:

- a. Beginning balance;
- b. Any transfers or adjustments (transfers from a different balancing account should identify the balancing account from which such transfers originated);
- c. Measurement and verification contractor costs;
- d. Incentive payments;
- e. Administrative costs;
- f. Interest (indicate interest rate and to which amount the interest rate is applied each month); and
- g. Ending balance.

IT IS RULED that:

1. Parties may file comments in response to Section 1 of this ruling no later than January 10, 2020. Comments should identify specific objections to the proposed criteria for determining whether revenues are available, and/or whether participation and interest are adequate to authorize continued allocation of funds through June 30, 2026, for the Solar on Multifamily Affordable Housing program.

2. Parties may file reply comments in response to Section 1 of this ruling no later than January 20, 2020.

3. Liberty Utilities (CalPeco Electric) LLC, Pacific Gas and Electric Company, PacifiCorp, San Diego Gas & Electric Company, and Southern California Edison Company (together, the utilities) shall each file a document containing the

information identified in Section 2 of this ruling, no later than January 20, 2020.
The utilities shall also electronically serve the same information in Excel format.

Dated December 27, 2019, at San Francisco, California.

/s/ VALERIE U. KAO
Valerie U. Kao
Administrative Law Judge